

Interactions between Country Of Origin (CoO) and brand on consumer behaviour: An international research investigation on luxury brands in 7 countries¹

Prof. Bruno Godey
Groupe ESC Rouen - France
bruno.godey@groupe-esc-rouen.fr

Prof. Daniele Pederzoli
Groupe ESC Rouen - France

Prof. Gaetano Aiello
Dipartimento di Scienze Aziendali - University of Florence - Italy

Dr. Raffaele Donvito
Dipartimento di Scienze Aziendali - University of Florence - Italy

Prof. Klaus-Peter Wiedmann
University of Hannover – Germany

Dipl.-Oek. Nadine Hennigs
University of Hannover - Germany

Dipl.-Oek. Astrid Siebels
University of Hannover – Germany

Prof. Priscilla Chan
The Hong Kong Polytechnic University – China

Prof. Junji Tsuchiya
Waseda University – Japan

Prof. Irina Ivanovna Skorobogatykh
Plekhanov Russian Academy of Economics – Russia

Dr. Bart Weitz
University of Florida – USA

Dr. Hyunjoo Oh
University of Florida – USA

Dr. Rahul Singh
Birla Institute of Management Technology - Greater Noida – India

¹ The authors share the final responsibility for the contents of this paper. However Raffaele Donvito wrote paragraph 1; Gaetano Aiello, Raffaele Donvito, Bruno Godey and Daniele Pederzoli wrote paragraphs 2, 3, 4; all the authors wrote together introduction, paragraph 5 and conclusion.

Interactions between Country Of Origin (CoO) and brand on consumer behaviour: An international research investigation on luxury brands in 7 countries

Abstract

Objectives. This research aims to update the factors influencing consumer purchase of luxury goods. More specifically we will consider the combined effects of brand and country of origin on the purchase decision. This article extends an exploratory phase constructed from qualitative data previously gathered on this topic.

Methodology. We used a questionnaire administered on-line in 7 countries (Italy, France, China, Japan, USA, Russia, India) to a total sample of 1,037 respondents.

Results. The richness of this research is related to the possibility of an intercultural analysis of the results obtained in 7 countries. These results concern the difference and similarity in:

- Defining the concept of Country Of Origin (Country of Design, Country of Manufacture, Country Of Assembly)
- Country images perceived by consumers in different geographical areas,
- Defining the functions of the brand and, finally,
- The combined effects of factors: brand, CoO and price in the purchasing decision for luxury brands.

Conclusions. This research has allowed us to confirm, develop and generalize results previously obtained in the exploratory phase of our work. They are interesting in terms of management recommendations for a company that would expand internationally in a geographic area covered by our study, since we observed significant differences.

Key Words: Country Of Origin, Luxury, International, Cross-cultural analysis, Consumer Behaviour

Session: International Marketing, Luxury Goods

Methodology: Quantitative data – Interviews/Statistical tests

Introduction and objectives

The effects of country-of-origin (CoO) upon consumer perceptions, and purchase intentions remain of interest to marketing researchers (Bloemer et al., 2009). The CoO concept evolved into a more complex notion as global production operations became increasingly diverse and new market opportunities continue to emerge in both developed and developing countries. Initially, the notion of the CoO was perceived as analogous to the "made-in" country (Dichter, 1962; Nebenzahl et al., 1997); thus, the "country-of-manufacture" (CoM) (Samiee, 1994). Put simply, the CoM was the country which appeared upon the "made-in" label. It was represented as the country where the final assembly of a product was completed, and identified as synonymous with the CoO. Likewise, other concepts gradually emerged in CoO literature. For instance, the Country-of-Design (CoD) arose (Nebenzahl et al., 1997; Jaffe and Nebenzahl, 2001) to refer to the country within which the product was designed and developed. In discussing multinational production, a clear distinction exists between CoM and CoD. Moreover, global companies utilize brand names to suggest a specific origin (country-of-brand – CoB - effects). Finally, the CoO is commonly considered as the country that consumers typically associate with a product or brand, regardless of where it was manufactured. As a result, researchers must analyze the effects of interactions between the three "declinations" of origin: CoO in the broad sense, the CoD, and the CoM.

Given the strong associations between the country image and product quality in relation to product/brand evaluations (Kotler and Gertner, 2002), it becomes necessary to distinguish how global consumers perceive the redefined concept of country-of-origin. They perceive the CoO as the country of product design, and as the country of product assembly/manufacture. The use of varying products in different countries has, moreover, caused contradictory findings in previous studies of the effect of the CoO upon consumer perceptions and purchase behaviors.

This research aims to update the factors influencing consumer purchase of luxury goods. More specifically we will consider the combined effects of brand and country of origin on the purchase decision. This article extends an exploratory phase constructed from qualitative data previously gathered on this topic (Aiello *et al.*, 2008, 2009).

A sample of 1,037 respondents was set up in order to obtain a more complex understanding of how the CoO concept operates in various countries (China, France, India, Italy, Japan, Russia, USA).

This article aims to highlight the difference and similarity in:

- Defining the concept of Country Of Origin (Country of Design, Country of Manufacture, Country Of Assembly),
- Country images perceived by consumers in different geographical areas,
- Defining the functions of the brand and, finally,
- The combined effects of: brand, CoO and price in the purchasing decision for luxury brands.

1 Literature review: Country-of-Origin (CoO) effects upon consumer perceptions and purchase behaviors

As emphasized by Bloemer *et al.* (2009) since Dichter in 1962 referred to the significance of the “made-in”, research on Country-of-Origin effects (CoO) has become one of the major domains within the scientific literature on international marketing and consumer behaviour.

In fact there are large numbers of studies on consumers’ beliefs and buying behaviour with respect to the country of origin (CoO) of a product or service. However CoO is also one of the most controversial research field and many studies reach opposite conclusions (see Bhaskaran, Sukumaran 2007). Some, (Laroche *et al.*, 2002; Agrawal and Kamakura, 1999; d’Astous and Ahmed, 1999, 2008), conclude that CoO has a significant influence on the choice of a product or service, while others, (Lim and Darley, 1997, Lim *et al.*, 1994; Liefeld, 1993, 2004; Ettenson *et al.*, 1988), conclude that the influence of CoO is very weak.

Despite the efforts undertaken by researchers to validate and relate the numerous approaches to CoO, recent reviews still deplore the lack of conceptual, methodological and theoretical transparency (Verlegh and Steenkamp, 1999; Papadopoulos and Heslop, 2003; Laroche *et al.*, 2005; Usunier, 2006 Bloemer, Brijs and Kasper 2009).

According to Bilkey and Nes (1982), one of the most popular approaches towards the use of CoO-cues is the “cognitive approach”; the basic assumption is that a product can be

considered as a cluster of cues. Usually, a distinction is made between product intrinsic cues such as taste, design, material, performance, etc. and product extrinsic cues such as price, brand name, store reputation, warranty, and country of origin. In particular CoO is defined as “some aspect of the product that is distinct from its physical characteristics, but that is nevertheless identified with the product” (Erickson et al., 1984, p. 694).

According to Han (1989), the CoO cues generate a halo effect acting as “a file of information about various brands from a country that consumers develop over time, store in their memory in the form of overall evaluations of products from the country and retrieve readily when evaluating the brands” (Han, 1990, p. 34). Manrai et al. (1998) propose to expand this conceptualization introducing the intermediary notion of a “default heuristic”, defined as a process where information about a product CoO is processed together with additional information about the product, resulting in an interactive effect on the consumer’s product evaluation. For Hong and Wyer (1990) there is a product attribute-effect; they state that a product’s CoO excites general curiosity about the quality of a product and, consequently, stimulates consumers to think more extensively about its attributes.

Furthermore, the notion of the CoO was initially perceived as analogous to the “made-in” country (Nebenzahl et al., 1997); thus, the “country-of-manufacture” (CoM) (Samiee, 1994). This has traditionally been represented as the country where the final assembly of a product was completed, and identified as synonymous with the CoO. Likewise, other concepts gradually emerged in CoO literature. For instance, the Country-of-Design (CoD) arose (Nebenzahl et al., 1997; Jaffe and Nebenzahl, 2001) to refer to the country within which the product was designed and developed. In discussing multinational production, a clear distinction exists between CoM and CoD. Moreover, global companies utilize brand names to suggest a specific origin (country-of-brand – CoB - effects). Finally, the CoO is commonly considered as the country that consumers typically associate with a product or brand, regardless of where it was manufactured. As a result, researchers must analyze the effects of interactions between the three “declinations” of origin: CoO in the broad sense, the CoD, and the CoM.

A common thread can be found between the CoO, the CoD, and the CoM. The CoO impacts consumer perceptions, and behaviours through the image of the product’s country-of-origin. The image is the representation, reputation, or the stereotype of a specific country which consumers associate with the products (Nagashima, 1970, 1977). Furthermore, according to Roth and Romeo (1992), a country's image arises from a series of dimensions that qualify a nation in terms of its production profile. Such dimensions include the following

aspects: innovative approach (superior, cutting-edge technology); design (style, elegance, balance), prestige (exclusiveness, status of the national brands); and workmanship (reliability, durability, quality of national manufactures). Usunier (1993, 2005) provides a more comprehensive definition of the country image as a multidimensional construct influenced by cognitive components, affective components, and stereotypes. Given the strong associations between the country image and product quality in relation to product/brand evaluations (Kotler and Gertner, 2002), it becomes necessary to distinguish how global consumers perceive the redefined concept of country-of-origin. They perceive the CoO as the country of product design, and as the country of product assembly/manufacture. The use of different products in different countries, moreover, has caused contradictory findings in previous studies of the effect of the CoO upon consumer perceptions and purchase behaviors.

2 Literature review: Brand functions and brand relational dimension

A brand may influence customers' perceptions and attitudes in several ways. The dominant components of the brand influence upon customers' purchasing intentions may be analysed through the investigation of two key issues: the basic components, and specific functions the brand performs; and the brand relational dimension.

The basic components and specific functions performed by the brand. It is commonly accepted that the brand usually represents "the memory" of a firm, which encompasses all of the investments, research activities, and process technologies or innovations the firm carries out over time. As such, a brand effectively embodies the firm's history (Deichmann, 1991; Collesei, 2000). Nevertheless, customers may utilize brands as a vehicle or mode of expression of attitudes, individualism, and needs (Keegan et al., 1992). According to Zara (1997), the brand is structured upon the basis of three fundamental components: firstly, the identity component (signs of recognition); secondly, the perceptual component (cognitive associations and perceptions) (Peter and Olson, 1987); and lastly, the trust component (confirmation of expectations).

The examination of specific functions the brand performs further illuminates the analysis of brand influence over consumers' perceptions, and purchasing decisions. Kapferer and Thoenig (1991), in addition to Lambin (1991), classify a series of utility functions that can be attributed to the brand. These functions can be useful both for customers (placement, guarantee, personalization, practicality, pleasure functions), and for manufacturers (protection, positioning, capitalisation).

Furthermore, there exists a contemporary trend amongst consumers who research emotional elements, which reinforce the brands' strategic dimension (Aaker, 1997; Aaker and Joachimsthaler, 2003). In discussing to the strategic dimension, we must consider its impact upon consumers' perceptions, and purchasing intentions. Consumers search for emotional elements, which are sometimes anchored into socio-cultural trends toward which customers feel a sense of belonging (Fornari 1995; Fabris, 1999). Customers search for emotional elements when they are tangible, and objective elements play a secondary role. Therefore, firms attempt to create a “symbolic” universe surrounding their products as a way to reinforce consumers' brand loyalty.

3 Literature review: The interaction between CoO and Brand: effects on consumer behaviour

Scholars have also directed their attention towards the brand and country of origin interaction phenomena, specifically in relation to individuals' perceptions and purchasing intentions.

As noted earlier, the brand is a variable that works as a summary in formulating purchase intentions (see also Erickson *et al.*, 1984). Sometimes, brand names surrogate CoO because of the association of brand names with specific countries (Bhaskaran and Sukumaran 2007); in fact consumers often infer the CoO from brand name (Han and Terpstra, 1988). Ahmed and d'Astous (1996) and Samiee (1994) take into account the examples of IBM with USA, Sony with Japan, Mercedes Benz with Germany, Gucci with Italy, and Louis Vuitton with France. Aaker (1991) and Keller (1993) both highlight that CoO could affect the brand equity by generating secondary associations for the brand and even a foreign-sounding name is able to affect the brand equity (Leclerc *et al.*, 1994).

When customers have insufficient information to assess a product or service, brand names become a proxy to evaluate the quality and appropriateness of the offering itself. However, positive brand images can be reduced if the product is designed or assembled in a country with a negative CoO image (Johansson and Nebenzahl, 1986). Furthermore according to Haubl (1997) purchase intentions of luxury products are likely to be influenced both by brand and CoO. Customers consider both the brand attributes and the place of manufacture or place of assembly in their purchase decisions (Tse and Gorn, 1993; Ahmed and d'Astous, 1996). Many important brands with good reputations are linked to countries with high CoO images. Moreover, a very strong brand could decrease the CoO relevance (Heslop and Papadopoulos, 1993). “The finding revealed that the country of manufacturer information does not produce a

significant effect on the evaluation of branded products when this information is congruent with the brand origin. However, when the product is manufactured in a country with a weaker image than the country of the brand origin, country of manufacturer information produces a significant negative effect on product evaluation, and the effect tends to be more devastating for low equity than high equity brands” (Koubaa, 2008). Some researchers (Mohd Yasin et al., 2007) have investigated the relationships between country-of-origin image and brand equity for electrical appliances, and they discovered that CoO has a significant impact on brand dimensions and specifically on brand loyalty.

Haubl and Helrod (1999) noted that perceptions of a product are more favourable when coherence between brand and country of production is recognised. Research carried out by Busacca et al. (2006) likewise points out that the effect of the interaction between brand image and country of origin image varies in direction and intensity depending on the perceptual consonance of these two aspects. Since this perceived place of origin is little short of a demographic variable and, furthermore, since it contributes to shaping the brand personality (Thakor and Kholi, 1996), it is vital for brand and country of origin to display intrinsic coherence.

Analysis of CoO and brand interactions is of particular importance for global brands, which are often represented by products with different CoD and CoM; it thus becomes important to explore whether and to what extent customers consider the brand name as a completely autonomous factor or as a factor exerting a certain influence, or even as an estimator of the CoO. According to Pecotich and Ward (2007), a brand gradually takes on the function of a summarising construct in the eyes of the customer, as the latter grows increasingly familiar with the brand in question; furthermore, the greater the familiarity, the less the customer will be inclined to consider other extrinsic information such as the price or the CoO. Again according to the above cited authors, a familiar brand is actually able to increase the perception CoO of the country with which the brand is associated, and even to neutralise the negative effect often linked to developing countries.

Finally Pappu et al. (2006), stating that country of origin is an important variable which can affect the equity of a brand, assert that marketing managers operating in an international context must identify the sources of brand equity, and understand the importance of incorporating country of origin into their brand equity measurement.

4 Method

This research has been made by interviewing customers from the seven countries of the research team. We defined a sample of around 150 people for each country; the structure of the sample had to respect the age distribution of the total population of the country, according to six categories defined by the research team: less than 20 years old, from 21 to 29, from 30 to 39, from 40 to 49, from 50 to 59, over 60 years old.

Table 1: Geographical origins of the respondents

Countries	Respondents
China	144
France	149
India	149
Italy	147
Japan	139
Russia	150
USA	159
Total	1 037

The questionnaire, defined with the agreement of all the national research groups, was distributed via internet. The final questionnaire was written in English, as this language is the common working language for the research team.

For the administration of the questionnaire, students from the different Universities and Business Schools were involved; their task was to find respondents respecting the age quotas indicated above and to help respondents to fill in the questionnaire, explaining the questions or translating into the national language if needed.

This assistance was fundamental to avoid the limits of having only respondents fluent in English and familiar with the use of on-line surveys.

The questions, apart from a few exceptions, asked respondents to express their opinions and evaluations on a five-point Likert scale, with the minimum value given to 1 and the maximum value attributed to 5.

The data collection was carried out from June to October 2008, according to the availability of students in the different countries.

The total number of respondents was 1,037, fairly evenly distributed across the seven countries participating in the research (table 1); the sample was composed of 50.6% women and 49.4% men.

The age distribution of the total sample shows a majority of respondents in the age class from 20 to 29 years old, with the three other central classes showing similar percentages (table 2).

Table 2: Age of the respondents

Age		
< 20	4	0.4%
20-29	298	28.8%
30-39	198	19.1%
40-49	236	22.7%
50-59	216	20.8%
> 60	85	8.2%
Total	1 037	100.0%

The educational qualification of respondents revealed a majority of post graduate people participating in the research.

The answers have been analyzed at two different levels:

1. The overall level, aggregating all the respondents
2. The national level, taking into consideration only the data for each participating country.

5 Findings and discussion

The results we present in this paper can be grouped in two main areas:

1. The definition of Country of Origin (CoO) and the perceived image of the seven different countries participating in the research;
2. The role of brands for respondents and the interrelations between brands and CoO in the luxury sector.

Country of Origin and image of the country

If we look at the definition of CoO according to respondents, we can see that the Country of Design (CoD) is slightly more important than the Country of Manufacturing/Assembly (CoM/A), even if the difference is limited to only seven points.

Table 3: Defining the concept of Country Of Origin

Countries	Country Of Design (CoD) (%)	Country Of Manufacturing/Assembling (CoM/A) (%)
China	53.0	47.0
France	57.4	42.6
India	54.9	45.1
Italy	58.9	41.1
Japan	45.6	54.4
Russia	52.1	48.0
USA	52.5	47.5
Total	53.5	46.5

A cross-cultural analysis of this answer however, shows strong differences between countries (table 3): for Japanese respondents CoM/A is more important than the CoD in

defining the general CoO of a product or a service, whereas the other countries present data in accordance with the general trend. Among these countries, Italian and French respondents give higher importance to CoD in defining the general CoO.

Another interesting point analyzed through this research is the image of the seven countries taken into consideration. Respondent were asked to evaluate each of the countries on four criteria: Innovativeness, Design, Prestige and Workmanship.

Very strong differences emerge between countries and in the assessment of each criterion (or all criteria) for each country (table 4).

The first result we can point out is that the most developed countries (Italy, France, Japan and the USA) obtain scores considerably higher than the developing countries (India, Russia and China), for all the criteria taken into account. It appears that developing countries don't have already a clear image, their ratings being low and very similar for all the criteria studied.

Table 4: Country's image

	China	France	India	Italy	Japan	Russia	USA
Innovativeness	2.74	3.52	2.56	3.39	4.38	2.71	4.04
Design	2.26	4.20	2.45	4.28	3.79	2.41	3.64
Prestige	2.04	4.23	2.45	4.14	3.74	2.21	3.70
Workmanship	2.44	3.75	2.68	3.79	4.09	2.61	3.60

5-point scale: 1=strongly not relevant, 2=not relevant, 3=neutral, 4=relevant, 5=strongly relevant

The image of the developed countries is sharper and clearer:

- The main characteristics of Italy, according to respondents, are “design” (4.28) and “prestige”(4.14);
- The same leading criteria can be found for France, but in the reverse order, with “prestige” (4.23) slightly more important than “design”(4.20);
- Germany's main characteristic is “workmanship” (4.0);
- Japan's image is strongly focused on “innovativeness” (4.38);
- “Innovativeness” is also the highest ranked criteria for the USA (4.04).

The best evaluated criteria for the developing countries are “workmanship” for India (2.68), and “innovativeness” for both Russia (2.71) and China (2.74).

We also tried to study the image of the different countries in association with some relevant product and service categories; the categories proposed for evaluation were defined by the researchers in a previous, qualitative research step.

Table 5: Country's associations

Country	Association	(1-5)
China	1. Population	4.64
	2. Mass production	4.47
	3. Cheap – Inexpensive	4.38
France	1. Fashion	4.51
	2. Wine	4.33
	3. Elegance	4.36
India	1. Yoga	3.99
	2. Culture	3.75
	3. IT and knowledge	3.56
Italy	1. Fashion	4.51
	2. Art and culture	4.36
	3. Food and wine	4.33
Japan	1. Technology	4.56
	2. Innovation	4.49
	3. Sushi	4.34
Russia	1. Cold	4.11
	2. Vodka	4.08
	3. Communism	3.58
USA	1. Hollywood	4.44
	2. Power	4.15
	3. Innovation	3.92

5-point scale: 1=strongly not relevant, 2=not relevant, 3=neutral, 4=relevant, 5=strongly relevant

Analyzing the results for this question, we can state that stereotypes are still very strong in the respondent perception (table 5) even if we can underline that some components of these stereotypes could represent a clear advantage for national products and services that belong to these components; in the case of France and Italy, for example, “fashion” and “food and wine” are the most relevant associations for our respondents, whereas “cars” takes the first place in Germany, “technology” in Japan and “Hollywood” in the USA. It is evident that products and services from these different sectors appear to have a clear legitimacy if they can wear the label “made in” of the appropriate country.

We can also underline that for developing countries the most relevant associations are “non commercial”, as is the case for “cold” for Russia, “yoga” for India or “population” for China; in the case of Russia and China the general image we can see from analyzing the other associations is not very positive, whereas India appears to have a positive global image, with a very interesting association with “IT and knowledge”.

This statement is also confirmed by another result of our research; we asked respondents to evaluate the fit between three brands for every country and the image of the country itself.

The brands for each country were chosen by researchers following the results of a previous qualitative survey. (table 6)

Table 6: Country's image and brands

Country	Brand	(1-5)
China	1. Bank of China	3.53
	2. Air China	3.32
	3. Lenovo	2.77
France	1. Louis Vuitton	4.36
	2. Renault	3.92
	3. L'Oréal	3.88
India	1. Indian Oil Co.	3.17
	2. Tata Steel	3.02
	3. Infosys	2.74
Italy	1. Armani	4.34
	2. Gucci	4.23
	3. Fiat	3.87
Japan	1. Toyota	4.59
	2. Sony	4.57
	3. Honda	4.51
Russia	1. Smirnoff	3.36
	2. Aeroflot	3.14
	3. Lada	2.86
USA	1. McDonald's	4.74
	2. Coca-Cola	4.71
	3. General Motors	4.17

5-point scale: 1=strongly not relevant, 2=not relevant, 3=neutral, 4=relevant, 5=strongly relevant

If we analyze Italy, the brands that better correspond to the country image are Armani (4.34) and Gucci (4.23), both from the fashion sector, confirming fashion as one of the strongest image components for the country.

The same is true for France, where the first place is occupied by the luxury brand Louis Vuitton (4.36).

In the case of Germany, two car makers, BMW (4.52) and Volkswagen (4.34) lead the ranking and confirm the reputation of the country in this field already seen above.

The role of "technology" for the reputation of Japan is strongly confirmed by the high score attributed to all the three brands proposed, Toyota (4.59), Sony (4.57) and Honda (4.51).

The cultural appeal of the USA is underlined by McDonalds, in first place with (4.74), (the highest single score) and Coca Cola in second place with (4.71).

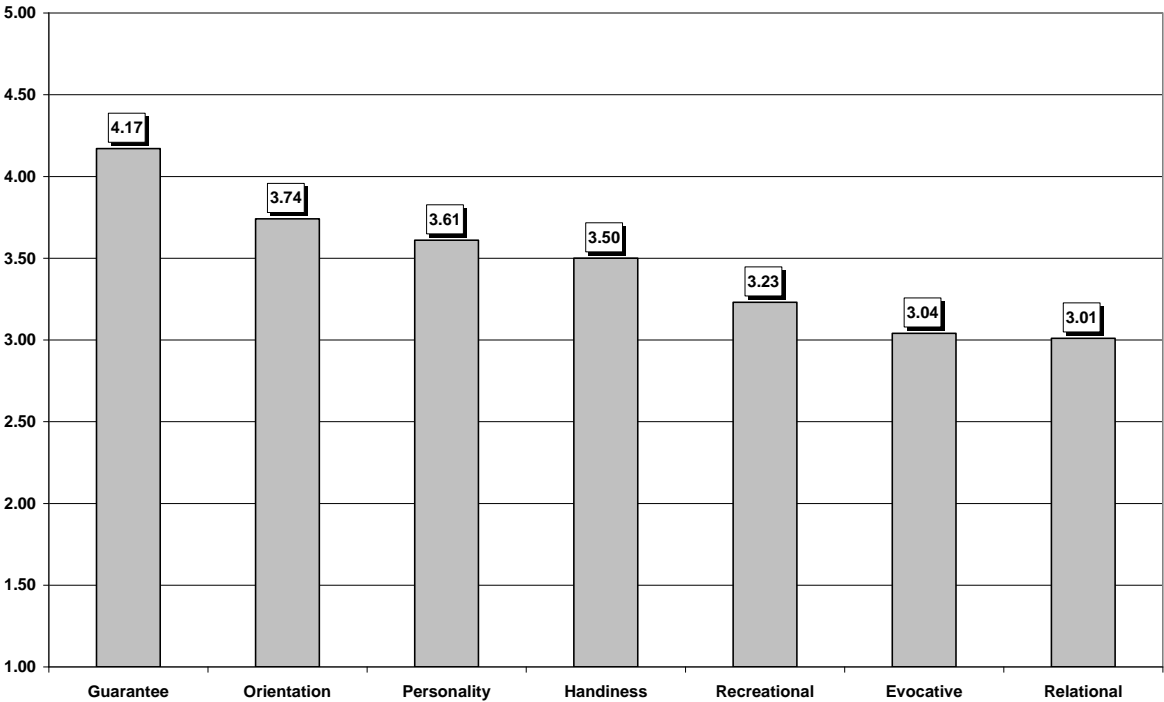
Concerning developing countries, no single brand reached a score equal or superior to 3.5. It is possible to explain this by the relatively recent appearance of brands from these

countries, brands that are often not well known by customers outside the domestic market. Another explanation, however, can be found in the weak image of the countries themselves, which mutually don't reinforce the brand image from these countries.

The role of brands and the interrelations amongst brand and CoO

The first issue analyzed in the second part of our research is the role that brands play for customers. According to our respondents, brands play a very functional role, especially giving customers a guarantee for the products and services covered by the brands (figure 1).

Figure 1: Functions of brands



5-point scale: 1=strongly not relevant, 2=not relevant, 3=neutral, 4=relevant, 5=strongly relevant

The second function is still very concrete, dealing with the orientation of customers.

The third role is linked with the expression of customer personality, introducing a more symbolic dimension.

The relational dimension (recreational, evocative, and relational) appears considerably less important than the functional one, with an average score of around 3 points.

The results are also very similar in the cross cultural analysis for the different countries participating in the research (table 7); for all the countries analyzed, the “guarantee” function stays in first place, when the “orientation” function appears in second or third position. For

China, India and Russia, it should be mentioned that the “personality” function plays a major role.

Table 7: Cross-cultural differences in functions of brands

	Guarantee	Orientation	Personality	Handiness	Recreational	Evocative	Relational
China	4.06	3.65	3.77	3.72	3.44	2.99	3.01
France	4.22	3.55	3.33	3.22	2.97	2.63	2.53
India	4.13	3.93	4.10	3.70	3.64	3.51	3.57
Italy	4.15	3.93	3.55	3.49	2.93	3.25	2.93
Japan	4.11	3.68	3.33	3.11	2.95	2.76	2.68
Russia	4.28	3.59	3.67	3.47	3.27	3.42	3.55
USA	4.27	3.81	3.47	3.62	3.38	2.56	2.72

5-point scale: 1=strongly not relevant, 2=not relevant, 3=neutral, 4=relevant, 5=strongly relevant

Interestingly, the highest scores for the relational dimensions are reached in developing countries; there could have a link between the recent arrival on these markets of well known international brands and their role for affluent consumers in search of modernity and “western style”.

On the other hand, consumers from developed countries seem to have completely integrated the presence of brands in their everyday lives, so their approach to brands is more rational and “disenchanted”; the question could be if it is still worth the effort for brands to create emotional links and relationships with western customers?

In another part of our research, we asked respondents to attribute the “right” nationality to a list of 22 brands; the list was created by the research team taking into consideration the results of a previous qualitative survey, but also the presence of leading brands from every country participating in the study.

The results are shown in table 8, where we have ranked the brands following the “right” country attribution.

Table 8: Nationalities of leading luxury brands

Brand	%
Armani	95.9
Louis Vuitton	88.1
Chanel	86.8
Gucci	85.4
YSL	85.1
Dior	82.6
Valentino	80.5
Ferragamo	79.1
Versace	79.0
Dolce e Gabbana	78.1
Cartier	76.3
Issey Miyake	75.6
Prada	72.7
Hermès	70.1
Calvin Klein	67.6
Burberry	67.4
Ralph Lauren	61.3
Bulgari	59.6
Valentin Yudashkin	52.2
Coach	50.9
Nakshatra	38.4
Escada	8.8

Seven brands obtain a score of correct national attribution superior to 80% and they are all from France and Italy, the two countries most reputed in the field of fashion.

Eleven other brands are correctly matched with their country by a percentage of over 59% of respondents. In this second group, we can also find US and British brands, as well as another group of Italian and French ones.

Only four brands obtain a very contrasted correct nationality attribution: we can find in this group one Russian brand, Valentine Yudashkin and an Indian one, Nakshatra, that are still building their reputation in the domestic market and we can suppose also that part of the “right” attribution is due to the “national sound” of the brands.

The American brand Coach obtains slightly more than 50% correct national attributions, with the other half of the respondents choosing many different countries, like France and Italy, but also Germany and India.

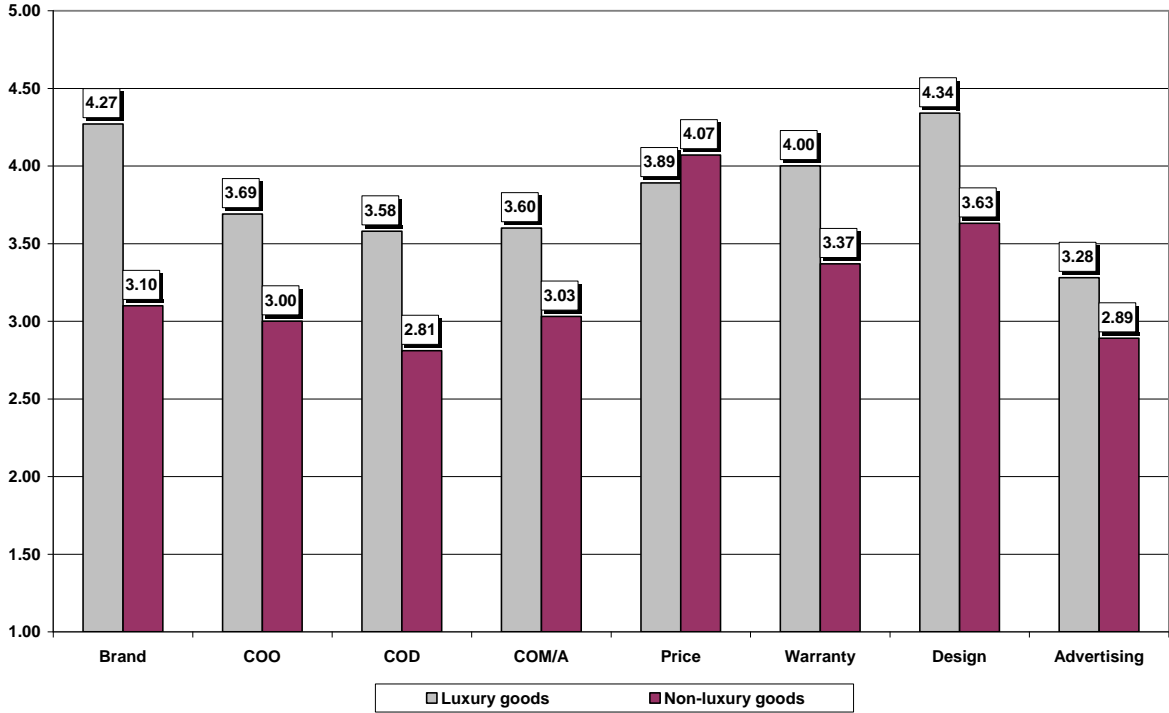
The German brand Escada is a very peculiar example, with only 8.8% of respondents correctly matching it with its home country; many answers tended to attribute the brand to Italy, perhaps for the “Latin sound” of the brand, and both Spain and France had percentages higher than the correct attribution to Germany.

In conclusion, these question shows that a large number of very strong brands have a clear national image at the international level, even if, as in the case of Gucci, they become part of a powerful multinational conglomerate that is clearly linked to another nation.

Some brands currently have a more confused national identity, but they are normally younger than the more well-known ones and we don't know if they have invested in communicating their nationality to final customers or if they are playing more the role of "global brands".

Another point we investigated is the role played by the brand and CoO in the customer purchasing decision; to evaluate this point, we asked interviewees to express their evaluation for two product categories, "luxury goods" and "non-luxury goods".

Figure 2: Factors influencing the purchasing decisions of consumers

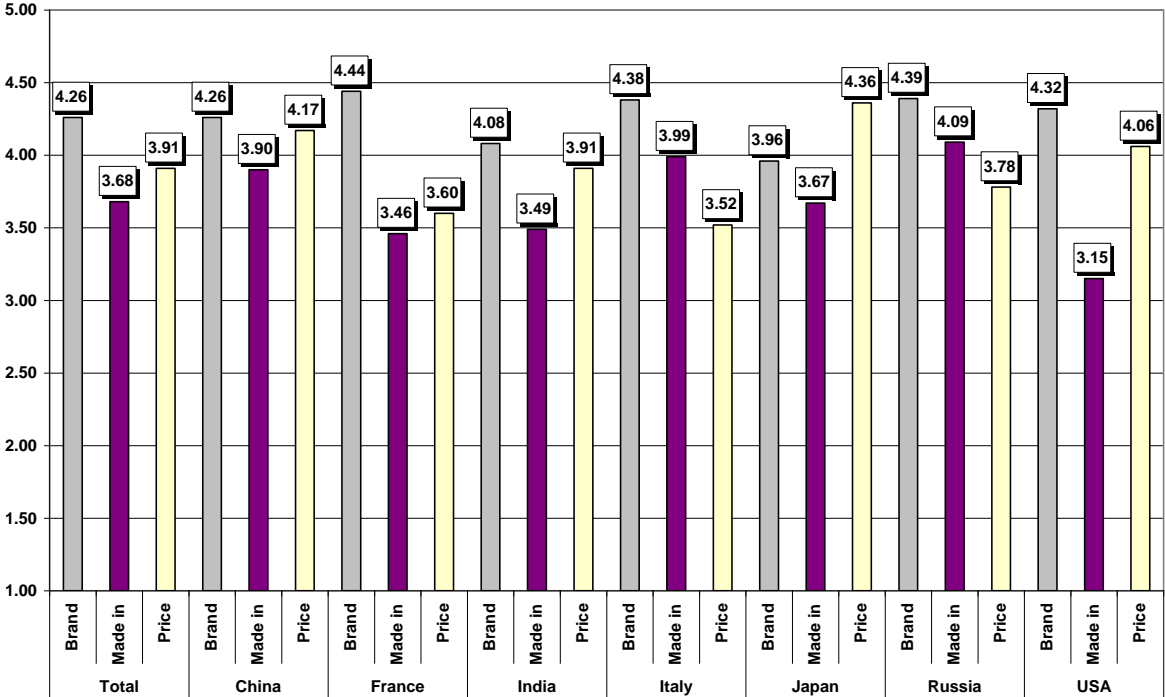


5-point scale: 1=strongly not relevant, 2=not relevant, 3=neutral, 4=relevant, 5=strongly relevant

The results presented in the figure 2 indicate that the brand plays a more important role than CoO for both product categories. If we examine the results in more detail, we can see that for "non-luxury goods", the most important factor affecting customer purchase decision is price (4.07), followed by design (3.63), warranty (3.37) and brand (3.1); CoO is cited only at the sixth place (3.0), with CoM/A playing a slightly more important role (3.03).

The results for “luxury goods” are very different, where the most important element affecting consumer purchasing decision is design (4.34), closely followed by brand (4.27); at the third place we find warranty (4.0), followed by price (3.89). CoO appears only in the fifth position for luxury goods (3.69), with a very similar evaluation for CoD and CoM/A.

Figure 3: “Brand”, “made in” and “price” in the purchasing decisions of consumers



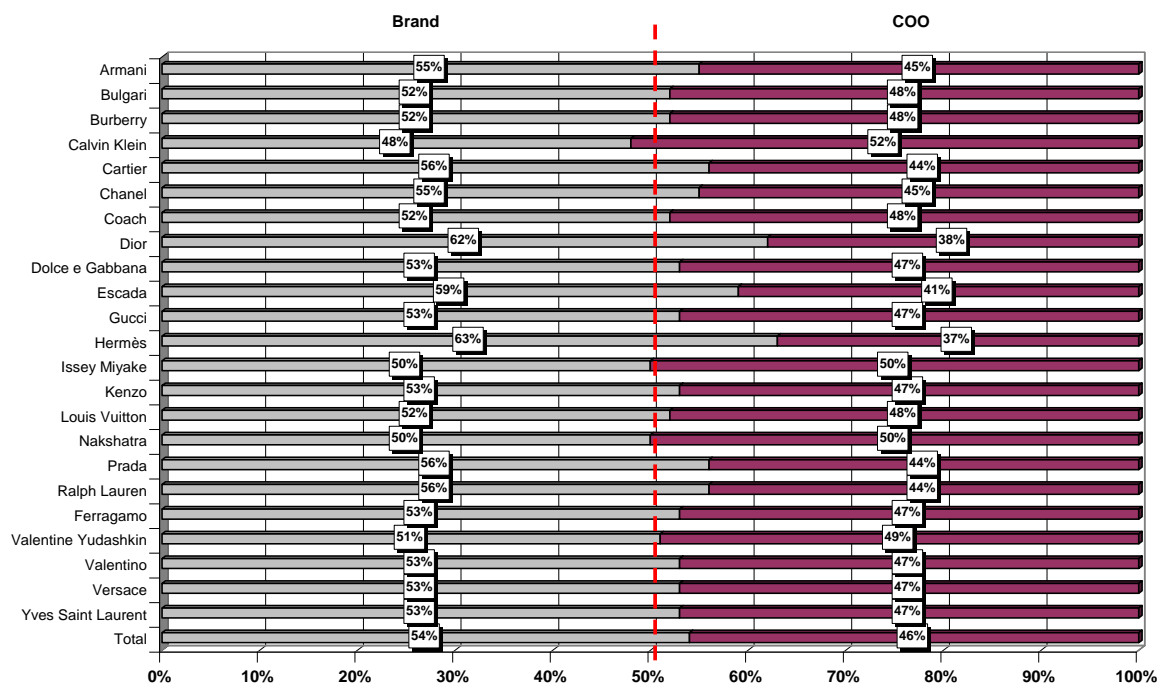
5-point scale: 1=strongly not relevant, 2=not relevant, 3=neutral, 4=relevant, 5=strongly relevant

A cross cultural analysis taking into consideration how the purchase of luxury goods is affected by three main elements: price, brand and CoO (figure 3) highlights that brand ranks in the first place for six out of the seven countries surveyed, the only exception being Japan, where the first place is occupied by price.

Price occupies the second place for four countries, with scores very near to brand in the case of China and the USA.

The “made in” element occupies the second place only in Italy and Russia, whereas it is in the last place for the other five countries surveyed.

Figure 4: “Brand” and “CoO” in the purchasing decisions for luxury brands



This trend is clearly confirmed when we analyze the factors affecting purchasing decision for the different brands proposed by the researchers. For this question, we limited the choice to “brand” and “CoO”.

For 20 out of 23 brands surveyed, brand is more important than CoO, even if the difference between the two elements is not enormous: the biggest difference concerns Hermes, where brand explain 63% of purchasing decision and CoO only 37%.

For 2 out of 23, brand and CoO are equally rated in terms of importance.

Only for Calvin Klein is the trend reversed, with CoO (52%) more important than brand to explain purchasing decision of customers.

Conclusion, limitations and further research

In our research, 1,037 people were interviewed in 7 different countries. This research has allowed us to confirm, develop and generalize results previously obtained in the exploratory phase of our work. They are interesting in terms of management recommendations for a company that wishes to expand internationally in a geographic area covered by our study, since we observed significant differences.

In fact, we observe strong differences between countries concerning the concept of CoO. The images of countries analyzed are clear, well defined and differentiated.

The vision of brand is very traditional (e.g. “sign of identification”, “guarantee” and “orientation”). In addition, “brand” has a higher influence on product evaluation and purchase decision than “CoO”. For luxury goods, brand is much more relevant than CoO in evaluation and purchasing decision. The luxury brands are generally well-known to respondents and their nationalities are relatively clear.

People seem clearly more interested in brands, and in the projection of the nationality of these brands, than in CoO. Therefore, we will have to develop a causal model for evaluating the respective weight of the brand and CoO.

Some interesting results emerge from our research, especially concerning the possibility to identify potential country groups based on the analysis variables. This would be worth confirming by a cluster analysis from our sample.

The respondents seem to have fully grasped the globalization of markets and especially of the value chain, from conception and design to the manufacture of a product. Some interesting cross-cultural differences among respondents emerge for this analysis too.

Based on our results we can also imagine several future avenues of research which could be of interest both to researchers in the area of luxury brands and to others in the area of perception of CoO in a multicultural context.

References

- Aaker D.A. (1991), *Managing Brand Equity*, New York: The Free Press.
- Aaker D.A. (1997), *Brand equity: la gestione del valore della marca*, Franco Angeli, Milano.
- Aaker D.A., Joachimsthaler E., (2003), *Brand leadership*, Franco Angeli, Milano.
- Agrawal J., Kamakura W.A. (1999), “Country of origin: A competitive advantage?”, *International Journal of Research in Marketing*, 16, 4, 255-267.
- Ahmed S. A., d’Astous A. (1996), “Country-of-Origin and Brand Effects: A Multi-Dimensional and Multi-Attribute Study”, *Journal of International Consumer Marketing*, 9, 2, 93-115.
- Ahmed S.A., d’Astous A. (2008), “Antecedents, moderators and dimensions of country-of-origin evaluations”, *International Marketing Review*, 25, 1, 75-106.
- Aiello G., Chan P., Donvito R., Godey B., Pederzoli D., Hennigs N., Siebels A. and K.P. Wiedmann, (2008), “Luxury brand and country of origin effect: Results of an international empirical study”, 7th *International Congress – Marketing Trends*, Venice, 17-19 janvier.
- Aiello G., Donvito R., Godey B., Pederzoli D., Wiedmann K.P., Hennigs N., Siebels A., Chan P., Tsuchiya J., Rabino S., Skorobogatykh I.I., Weitz B., Oh H. and Singh R. (2009), “An international perspective on luxury brand and country of origin effect”, *Journal of Brand Management*, 16, 5-6, 323-337.
- Bhaskaran S., N. Sukumaran (2007), “National culture, business culture and management practices: consequential relationships?”, *Cross-Cultural Management*, 14, 1, 54-67.
- Bilkey W.J., Nes E. (1982), “Country-of-origin effects on product evaluations”, *Journal of International Business Studies*, 13, Spring/Summer, 89-99.

- Bloemer J., Brijs K., Kasper H. (2009), "The COO-ELM model: A theoretical framework for the cognitive processes underlying country of origin-effects", *European Journal of Marketing*, 43, 1-2, 62-89.
- Busacca B., Bertoli G., Molteni L. (2006), "Consumatore, marca ed 'effetto made in': evidenze dall'Italia e dagli Stati Uniti", *Finanza marketing e produzione*, 24, 2, 5-32.
- Collesei U., (2000), *Marketing*, Cedam, Padova.
- D'Astous A., Ahmed S.A (1999), "The importance of country images in the formation of consumer product perceptions", *International Marketing Review*, 16, 2-3, 108-126.
- Deichmann M. (1991), "Introduzione all'edizione italiana", in Kapferer J.N., Thoenig J.C. (eds.), *La marca. Motore della competitività delle imprese e della crescita dell'economia*, Guerini e Associati, Milano.
- Dichter E. (1962), "The World Customer", *Harvard Business Review*, 40, July-August, 113-122.
- Erickson G.M., Johansson J.K., Chao P. (1984), "Image variables in multi-attribute product evaluations: country-of-origin effects", *Journal of Consumer Research*, 11, september, 694-699.
- Ettenson R., Wagner J., Gaeth G. (1988), "Evaluating the Effect of Country of Origin and the "Made in the USA" Campaign: A Conjoint Approach", *Journal of Retailing*, 64, 1, 10-11.
- Fabris G. (1999), "Verso nuovi modelli di consumo", in Varaldo R. (ed.), *Il marketing negli anni Duemila. Sfide per il nuovo secolo*, Guerini e associati, Milano.
- Fornari D. (1995), "Le nuove dimensioni dei modelli di consumo in Italia", *Trade Marketing*, 15, 3-36.
- Godey B., Pederzoli D., Aiello G., Chan P., Donvito R., Hennigs N., Oh H., Rabino S., Siebels A., Tsuchiya J., Weitz B. and K.P. Wiedmann, (2008), "A cross-cultural exploratory analysis of the perception of luxury", *37th EMAC Conference*, Brighton, 27-30 mai.
- Gurviesz P. (1996), "The trust Concept in the Brand-Consumers Relationship", *Proceeding EMAC*, Budapest, 559-574.
- Han C.M. (1989), "Country image: halo or summary construct?", *Journal of Marketing Research*, 26, may, 222-229.
- Han C.M. (1990), "Testing the role of country image in consumer choice behaviour", *European Journal of Marketing*, 24, 6, 24-40.
- Haubl G. (1996), "A cross-national investigation of the effects of country of origin and brand name on the evaluation of a new car", *International Marketing Review*, 13, 5, 76-97.
- Haubl G., Elrod T. (1999), "The impact of congruity between brand name and country of production on consumers' product quality judgements", *International Journal of Research in Marketing*, 16, 3, 199-215.
- Hong S-T., Wyer R.S. (1990), "Determinants of product evaluation: effects of the time interval between knowledge of a product's country of origin and information about its specific attributes", *Journal of Consumer Research*, 17, december, 277-288.
- Jaffe E. D., Nebenzahl I.D. (2001), *National image and competitive advantage: The theory and practice of country-of-origin effects*, Copenhagen Business School Press, Copenhagen.
- Johansson J.K., Nebenzahl I.D. (1986), "Multinational production: Effect on brand value", *Journal of International Business Studies*, 17, 101-126.
- Kapferer J.N., Thoenig J.C. (1991), *La marca. Motore della competitività delle imprese e della crescita dell'economia*, Guerini e Associati, Milano.
- Keegan W., Moriarty S., Duncan T. (1992), *Marketing*, Englewood Cliffs, Prentice Hall.
- Keller K.L. (1993), "Conceptualizing, Measuring, Managing Customer-Based Brand Equity", *Journal of Marketing*, 57, 1, 1-22.
- Kotler, P., Gertner, D. (2002), "Country as brand, product and, beyond: A place marketing and brand management perspective", *Journal of Brand Management*, 9, 4, 249-261.

- Koubaa Y. (2008), "Country of origin, brand image perception, and brand image structure", *Asia Pacific Journal of Marketing and Logistics*, 20, 2, 139-55.
- Lambin J.J. (1991), *Marketing*, McGraw-Hill, 1st ed., Milano.
- Laroche M., Papadopoulos N., Heslop L.A., Mourali M. (2005), "The influence of country image structure on consumer evaluations of foreign products", *International Marketing Review*, 22, 1, 96-115.
- Laroche M., Tomiuk M.A., Bergeron J., Barbaro-Forleo, G. (2002), "Cultural Differences in Environmental Knowledge, Attitudes, and Behaviours of Canadian Consumers", *Canadian Journal of Administrative Sciences*, 19, 3, 267-283.
- Leclerc F., Schmitt B.H., Dube L. (1994), "Foreign branding and its effects on product perceptions and attitudes", *Journal of Marketing Research*, 31, 2, 263-270.
- Liefeld J.P. (1993), "Experiments on country-of-origin effects: review and meta-analysis of effect size", in Papadopoulos N. and Heslop L.A. (eds.), *Product-Country Images: Importance and Role in International Marketing*, International Business Press, New York, NY, 117-156.
- Liefeld J.P. (2004), "Consumer knowledge and use of country-of-origin information at the point of purchase" *Journal of Consumer Behaviour*, 4, 2, 85-96.
- Lim J.S. and Darley W.K. (1997), "An assessment of demand artefacts in country-of-origin studies using three alternative approaches", *International Marketing Review*, 14, 4-5, 201-218.
- Lim J.S., Darley W.K. and Summers J.O. (1994), "An Assessment of Country of Origin Effects under Alternative Presentation Formats", *Journal of the Academy of Marketing Science*, 22, 3, 274-283.
- Manrai L.A., Lascu D-N., Manrai A.K. (1998), "Interactive effects of country of origin and product category on product evaluations", *International Business Review*, 7, 6, 591-616.
- Nagashima A. (1970), "A comparison of Japanese and US attitudes toward foreign products", *Journal of Marketing*, 34, 1, 68-74.
- Nagashima A. (1977), "A comparative 'made-in' product image survey among Japanese businessmen", *Journal of Marketing*, 41, 3, 95-100.
- Nebenzahl, I.D., Jaffe, E.D., Lampert, S.I., (1997), "Towards a theory of country image effect on product evaluation", *Management International Review*, 37, 27-49.
- Papadopoulos N., Heslop L.A. (1993), *Product-Country Images: Impact and Role in International Marketing*, International Business Press, New York, NY.
- Papadopoulos N., Heslop L.A. (2003), "Country equity and product-country images: state-of-the-art in research and implications", in Jain S.C. (eds.), *Handbook of Research In International Marketing*, Edward Elgar Publishing, Northampton, MA, 402-433.
- Pappu R., P. G. Quester et R. W. Cooksey (2005). "Consumer-based brand equity: Improving the measurement – Empirical evidence". *The Journal of Product and Brand Management*, 14, 2-3, 143-154.
- Pecotich A., Ward S. (2007), "Global branding, country of origin and expertise. An experimental evaluation", *International Marketing Review*, 24, 3, 271-296.
- Peter P., Olson J. (1987), *Consumer Behaviour. Marketing Strategy Perspectives*, Richard Irwin, Inc.
- Roth M.S., Romeo G.B. (1992), "Matching product category and Country Image Perceptions: A framework for managing Country of Origin Effects", *Journal of International Business Studies*, Winter, 23, 3, 477-497.
- Samiee S. (1994), "Customer evaluation of products in a global market", *Journal of International Business Studies*, 25, 579-604.
- Samiee S. (1994), "Customer evaluation of products in a global market", *Journal of International Business Studies*, 25, 3, 579-604.

- Terpstra V., Han C.M. (1988), "Country-Of-Origin effects for Uni-National and Bi-National Products", *Journal of International Business Studies*, 19, 2, 235-255.
- Thakor M.V., Kohli C.S. (1996), "Brand origin: conceptualisation and review", *Journal of Consumer Marketing*, 13, 3, summer, 27-43.
- Tse D.K., Gorn G.J. (1993), "An Experiment on the Salience of Country-or-Origin in the Era of Global Brands", *Journal of International Marketing*, 1, 1, 57-76.
- Usunier J-C. (1993), *Marketing across Cultures*, Hemel Hempstead, Prentice Hall.
- Usunier J-C. (2006), "Relevance in business research: the case of country-of-origin research in marketing", *European Management Review*, 3, 60-73.
- Usunier J-C., Lee J.A. (2005), *Marketing across Cultures*, 4th ed., Pearson Educational.
- Verlegh P.W.J., Steenkamp J.B.E.M., (1999), "A review and meta-analysis of country of origin research", *Journal of Business Research*, 20, 521-546.
- Yasin, N. M., M. N. Noor et O. Mohamad (2007). "Does image of country-of-origin matter to brand equity", *The Journal of Product and Brand Management*, 16, 1, 38-48.
- Zara C. (1997), *La valutazione della marca: il contributo del brand alla creazione del valore d'impresa*, ETAS, Milano.